

Notes to the financial statements continued

for the year ended 31 March 2020

19. Inventories

	Group		Company	
	31 March 2020 Rm	31 March 2019 Rm	31 March 2020 Rm	31 March 2019 Rm
Gross inventories	972	1 267	640	862
Write-down of inventories to net realisable value	1 130	1 497	764	1 003
Inventories consist of the following categories:	(158)	(230)	(124)	(141)
Installation material, maintenance material and network equipment	1 130	1 497	764	1 003
Merchandise	382	468	383	468
Write-down of inventories to net realisable value	748	1 029	381	535
Opening balance	158	230	124	141
Charged to selling, general and administrative expenses	230	208	141	179
Inventories written off	63	117	10	14
	(135)	(95)	(27)	(52)

The Groups' inventory decreased in the current financial year largely due to working capital optimisation and merchandise sold to new customers.

Impact of COVID-19 on inventories

There was no significant impact of COVID-19 on inventories at the end of the reporting period. Inventory tests were performed and it was confirmed that there were no indications of any losses suffered due to damage or contamination that occurred. Therefore, management did not require an adjustment to the carrying value of inventory to bring it to its net realisable value.

20. Trade and other receivables and contract assets

20.1 Trade and other receivables

	Group		Company	
	31 March 2020 Rm	31 March 2019 Rm	31 March 2020 Rm	31 March 2019 Rm
Trade receivables	7 019	7 425	6 197	8 427
Gross trade receivables	4 867	5 884	4 678	5 278
Impairment of receivables	6 744	7 091	5 871	6 283
Other receivables	(1 877)	(1 207)	(1 193)	(1 005)
Prepayments	1 794	854	1 394	2 668
	358	687	125	481

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The repayment terms of trade receivables vary between 21 days and 90 days from date of invoice. Interest charged on overdue accounts varies between a rate of prime and a rate of 18%, depending on the contract terms.

Trade receivables are recognised initially at the transaction price, unless they contain significant financing components, in which case they are recognised at fair value.

Other receivables generally arise from transactions outside the usual operating activities of the Group.

Allowance account for credit losses - trade receivables	1 877	1 207	1 193	1 005
Opening balance as previously reported	1 207	827	1 005	602
Adoption of IFRS 9 <i>Financial Instruments</i> - Adjustment to allowance account measurement	–	(61)	–	(48)
Adoption of IFRS 9 <i>Financial Instruments</i> - Change to write-off criteria	–	559	–	559
Charged to statement of profit or loss and other comprehensive income	795	184	418	208
Enterprise loss allowance movement	–	–	(18)	(105)
Receivables written off	(125)	(302)	(212)	(211)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period ranging between 90 days past due and 180 days past due, based on the customer segment.

Refer to note 15.3 for detailed credit risk analysis.